

**Jurisdiction 12 Part A/Part B Medicare Administrative Contractor
(J12 A/B MAC) Award
Qs and As**

-- Highmark Medicare Services, Inc. (HMS) --

March 2008

Q: What company has been awarded the contract for the J12 A/B MAC workload?

A: Highmark Medicare Services, Inc., (HMS) has been awarded the contract for the J12 A/B MAC.

Q: Didn't CMS already award the J12 A/B MAC contract in October 2007 to HMS?

A: On October 25, 2007, CMS announced it had awarded HMS the A/B MAC contract for J12. Shortly after the award announcement by CMS, Palmetto GBA (Palmetto) filed a protest with the General Accountability Office (GAO) of the award for J12. CMS notified GAO that the agency would be taking corrective action on certain aspects of the award decision. The result of this corrective action was that the original protest was dismissed by GAO. The agency has completed its corrective action and restored the contract award to HMS. As a result, CMS authorized HMS to resume work under J12. CMS expects HMS to assume full responsibility for the award by the end of 2008.

Q: What states are included in A/B MAC J12?

A: The states included in J12 are Delaware, District of Columbia, Maryland, New Jersey and Pennsylvania.

Q: What are the major contractual differences of the A/B MACs compared to the current fiscal intermediaries (FIs) and carriers?

A: The workload for each A/B MAC is being awarded through full and open competition conducted in accordance with the Federal Acquisition Regulation. Based on structured evaluation criteria, the proposal with the best value for the government will be selected in each procurement. The A/B MAC contracts are for the administration of both Medicare Part A and Part B claims in a specific geographic jurisdiction. They allow for performance incentives to be earned by the MAC.

The FI and carrier contracts historically have been competed to a limited number of contractors which may or may not have been the best qualified organizations to do the work. In addition, the carriers have had to be chosen from health insurance companies. The contracts for the FIs and carriers do not allow for performance

incentives; rather they pay the contractor the costs incurred in conducting their operations.

Q: What is the effect of Medicare Contracting Reform on beneficiaries and providers?

A: Beneficiaries will have a single point-of-contact, connecting them to a seamless operations network for meeting their information needs. A beneficiary's first point of entry for resolution of questions about Medicare coverage will be 1-800-MEDICARE. The A/B MAC will handle only complex inquiries from beneficiaries.

The A/B MAC will serve as the point of contact for providers, physicians and practitioners for all claims-related business. Medicare contracting reform also will benefit providers with improved provider education and training by the A/B MACs.

Q: What type of contract has been awarded for the J12 A/B MAC workload?

A: The J12 A/B MAC was awarded under a cost-plus-award-fee contract. The period of performance for the contract is a base period with four 1-year options. The total value of the contract for the five year period is approximately \$467 million.

Q: When will the new J12 A/B MAC begin operations?

A: The implementation activities of the A/B MAC that are needed to move the Part A/Part B workload for the states included in Jurisdiction 12 will begin immediately. The MAC will complete the transfer of the claims and information from FIs and carriers and be fully operational by the end of 2008.

Q: What FIs and carriers are currently processing claims for the states in J12?

A: The following are the current fiscal intermediaries (FI) and carriers administering the program in J12 and the states they serve:

- Blue Cross and Blue Shield of Tennessee (FI for New Jersey)
- National Government Services (FI for Delaware; carrier for New Jersey)
- Highmark, Inc. – HGSAdministrators (FI for District of Columbia, Maryland, and Pennsylvania; carrier for Pennsylvania)
- Mutual of Omaha Insurance Company (FI for some providers in Delaware, District of Columbia, Maryland, New Jersey and Pennsylvania)
- TrailBlazer Health Enterprises, LLC (carrier for Delaware, District of Columbia and Maryland)

Q: How will staffing be affected as work moves from the current FIs and carriers to the J12 A/B MAC?

A: With the award and implementation of the new contract, one contractor will be performing the work that had been distributed among six. Fewer staff will be required.

For more specific questions regarding staffing please contact the Contracting Officer, Darrell Bachman at darrell.bachman@cms.hhs.gov or 410-786-8167.

Q: How many beneficiaries and providers are there in J12? What percent of the national claims workload is accounted for in this Jurisdiction?

A: As of March 31, 2007, approximately 4,269,000 Medicare beneficiaries and 433 Medicare hospitals are located in the six states comprising this jurisdiction. Also, as of March 31, 2007, approximately 137,350 physicians and practitioners provided services in this area.

With respect to the workload, approximately 10.9% of national Medicare fee-for-service claims are in this jurisdiction.

Q: Did the winning contractor have any subcontracts? If so, what services will the subcontractor provide?

A: As the J12 A/B MAC, Highmark Medicare Services, Inc. (HMS) is subcontracting with the following companies:

- TerraHealth, Inc., will provide claims and appeals processing
- Merit Healthcare Consulting, Inc., will provide services to augment HMS's cost report audit staff and perform desk reviews.
- FCG Solutions, Inc., will provide mail office activities.
- Holloway & Company, PLLC will conduct SAS 70 audits.